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19 October 1959

Subject: TRENDS and CHANGES in POLISH
CONSTRUCTION INDUSTRY

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1. **What is the primary purpose of the study?**

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New Trends and changes in housing and rural construction. 25X1

Introduction and remarks

The government started from 1956 a new course in housing construction, 25X1

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This part will describe the characteristic trends of the new policy in housing construction on the basis of the latest official statistics published by GUS and thorough studies of the Housing Construction Institute in Warsaw. The studies concerning housing construction in Poland are lately more thorough and the official statistical data is at present, extensive. However there are still differences and inaccuracies in statistics published by the same source i.e. between the Statistical Bulletin and Statistical Year Book of GUS.

sectors in the official publications and for this part of the study several new tables and statistical data published in 1959 were used. A detailed description of the sources are given in the text.

Current Trends and Changes in Development of housing Construction

One of the main changes showing progress and some real improvement in construction is the new housing construction policy. It is a significant quantitative increase in housing construction and there is a change of proportion of state construction to non-state construction. The latter, although it is not implemented by the state, is also not entirely private and for this reason is called "Construction from the means of the Population" (Budownictwo ze srodowisk ludnosci). This definition was already ex-

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plained

about the new policy 25X1

in housing construction. This part will deal with current trends in the development of the state, cooperative and construction from the means of the population.

Tables I and II show that the number of rooms built in Poland increased from 178,800 in 1950 to 368,600 in 1958. Taking the year 1950 as 100, the index for the year 1958 is 206. But the number of rooms built by the state at the same time increased only from 119,400 in 1950 to 200,600 in 1958, i.e. the index for the year 1958 is only 168 but the non-socialized construction in 1950 was 59,400 rooms and in 1958, 168,000 rooms so the index of increase is 280. It should be added here that the non-socialized construction was at its lowest in 1952 when it amounted to only 39,800 rooms. In relation to this lowest level in 1952 the nonsocialized housing construction increased in 1958 more than four times and the index for the year 1958, taking 1952 as 100, amounts to 420.

Table 1.

Housing Construction in Poland During the Years 1945-1958

Period 1945-1949	Total	Socialized		Non-socialized economy
		Economy	of which Cooperatives	
		(in thousand rooms)		
1959	1,590.0	178.8	119.4	59.4
1951	175.9	130.1		45.8
1952	174.3	134.5		39.8
1953	208.8	160.8	0.4	48.0
1954	209.4	160.4	2.0	49.0
1955	252.1	178.9	2.9	73.2
1956	263.5	159.6	3.3	103.9
1957	340.6	207.4	5.5	133.2
1958	368.6	200.6	7.4	168.0

(Source: Fundamenty, 26 July 1959)

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Table II

Rooms given for use in the National Economy in 1958
 according to Statistical Bulletin, No 5, 1959, page 19

Total number of rooms	368,611
of which socialized economy	200,582
of which state economy	188,224
of which construction by peoples' councils	85,552
Rooms regained after capital repairs	14,569
Built by cooperatives	12,358
Of which Association of Housing cooperatives	7,425
of which non-socialized economy	168,029
In 1950 the state built 119,400 rooms, i.e. twice as much as socialized economy which built	59,400
In 1952 the state built even 134,500" " 3.4 " " " " <i>economy which built</i> 39,800	
And in 1958 the state built 200,600 " 1.2 " " " the non-socialized economy	168,000

This tendency is illustrated in financial outlays for the housing construction during the years 1956, 1957 and 1958 given in Tables III, IV, V, VI and VII in state and free market prices as follows:

As it is indicated in Table VI	<u>% of the total outlays for housing construction</u>
Outlays from own means of the population amounted in 1958 to	36.4%
Outlays by the state	58.6%
Outlays by cooperatives	5.0%

The same tendency to increase the share of outlays from the means of the population remains in the Five Year Plan 1961-1965.

According to Directives for development of the Polish Peoples' Republic, 1959-1965 the planned index of increase for investment outlays in socialized economy during the years 1961-1965 in relation to the current five year plan 1956-1960 amounts to 142, however for investments from the means of the population this index is 187.

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Table III

Estimate of investments for housing construction in 1956 and 1957

According to Tadeusz Zarski, Bulletin of the Housing Construction Institute, attached to Miasto No. 4, May 1959.

	Outlays according to state price system in million zlotys in 1956 prices (1956 = 100)		Rooms given for use in thousands - (1956 = 100)	
	1956	1957	1956	1957
Total outlays	9,062	122.8	263.5	129.3
Outlays in socialized economy	6,498	118.1	159.6	129.8
Outlays in non-socialized economy	2,564	134.6	103.3	128.3

Table IV

The Share of outlays in socialized and non-socialized economy in relation to the total outlays for housing construction in 1957 in 1957 prices.

	Outlays for housing construction according to state price system in million zlotys in %		Rooms given for use in thousands	in %
Total outlays	13,656	100	340.6	100
Outlays in socialized economy	9,236	67.6	207.3	60.9
Outlays in non-socialized economy	4,420	32.4	133.3	39.1

Source: the same as in Table III

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Table V

The share of outlays from the socialized economy and from own means of the population in relation to total outlays for housing construction in the years 1956-1957

	In 1956 according to current 1956 prices	In 1957 according to current 1957 prices
In reference to construction from own means of the population, the free market price system was applied		
Total outlays (in million zlotys)	9,728	14,574
(In percentage)		
Outlays from socialized sources	69.3%	67.2%
Of which: allocations for state construction	65.4%	61.5
realized credits given by the intermediary of Investment Bank	1.6%	3.2%
Outlays from own means of the population	30.7%	32.1%

Source: Tadeusz Zarski, Bulletin of the Housing Construction Institute, attached to Miasto No 4, May 1959.

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Table VI

The share of outlays for various types of construction in relation to the total outlays for housing construction in 1958.

	Outlays for housing construction in 1958 according to the state price system in million zlotys in current prices	The number of rooms given for use in 1958 in thousand rooms
	in percentage	%
Total outlays in absolute figures	15,869.8	368.6
	100.0	100.0
A. Total outlays for construction in socialized economy	63.6	54.4
of which for cooperative housing construction	5.0	2.0
B. Outlays for individual construction from own means of the population	36.4	45.6
1. of which for construction not connected with agriculture	17.5	15.9
a. with the aid of state credits	13.8	10.5
b. without state aid	3.7	5.4
2. For construction connected with agriculture	18.9	29.7

Ad 1. For the agriculture population only 25% were allocated although this population amounts to 47%. The outlays increased by 17%, and the rooms given for use by 8% in relation to 1957.

Ad 2. The credits amount to 10% of the outlays, which represents a big surprise. increase.

Source: Fundamenty, 16 August 1959

Table VII

Outlays for housing construction in 1958 in million zlotys in current prices.

Contents	Estimate according to price system	
	State	Freemarket
Total Outlays	15,869.8	16,976.9
I. Outlays in the socialized economy total	10,096.8	10,138.9
Of which:		
1. Building and construction by the People's Councils	5,030.8	5,030.8
2. Construction by non-agricultural ministries	3,317.8	3,317.8
3. Construction by cooperatives		
Housing societies	801.1	843.2
4. Housing construction carried out by agricultural ministries and agencies	947.1	947.1
II. Outlays in the non-socialized economy total	5,773.0	6,838.0
of which:		
1. Housing Construction not connected with agriculture	2,772.0	3,134.0
a. with aid of state credit	2,178.0	2,454.0
b. without state credits	594.0	680.0
2. Housing connected with agriculture	3,001.0	3,704.0

Source: Fundamenty 16 Aug. 1959 "Budownictwo Mieszkaniowe w 1958" page 3.
 Research by engineer Dangel of the Housing Construction Institute

In order to get the outlays from the means of the population to increase this much, the state is increasing the credits for the population. It is planned that these credits will amount to 38.1 billion zlotys in the period 1961-65 in comparison with 16.6 billion zlotys during 1959-1960. Here ~~are~~ the index of increase is 230.

The trend of absolute increase of newly built rooms is also maintained. In 1958 a total of 368,000 rooms were built and it is foreseen that in 1965 a total of 465,000 rooms, i.e. 26% more, will be built. It is expected that during the Five Year Plan 1961-1965, a total of 2,000,000 rooms will be built in comparison with 1,200,000 rooms

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constructed during the present period 1956-1960, i.e. an increase of 68%.

Despite this large increase in absolute figures, it is too low in relation to the increase of the population, not mentioning the influx of people into towns in connection with industrialization and the needed improvement of the existing housing situation in the country.

As is seen from Table VIII, the number of rooms per 1,000 persons of increase of population is 651 rooms i.e. one for ~~for~~ 1.52 persons which is still a very high index of crowding.

Table VIII

	Dwelling Rooms Completed and handed over for use				
	1950- to 1955	1955	1956	1957	1958
Total (thousand rooms)	1,199.3	252.1	263.5	340.6	340.0**
Socialized economy	884.1	178.9	159.6	207.4	200.8
of which dwelling cooperative societies	5.3	2.9	3.3	5.5	7.4
Non-socialized economy	315.2	73.2	103.9	133.2	139.2
of which with state assistance**	2.5	2.4	10.3	21.5	38.7
Urban areas*	805.0	153.2	153.3	191.1	203.3
Rural Areas	394.3	98.9	110.2	149.5	136.7
Socialized economy	130.9	40.9	31.4	41.4	31.3
Non-socialized economy	263.4	58.0	78.8	108.1	105.4
Remarks:					
* of which socialized	753.2	138.0	128.2	165.9	169.5
non-socialized	51.8	15.2	25.1	25.2	33.8

** Excluding rooms built thanks to credit granted to farmers
The Statistical Bulletin, 1959 gives the number of rooms built in 1958 368,600

Source: Concise Statistical Yearbook 1959, p.82.

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Changes caused by new housing policy

The new housing construction policy caused the following changes in the direction of housing investments during the years 1956-1958:

a. The tempo of development of housing construction from own means of the population exceeds the increase of outlays for other types of housing construction

The share of outlays for housing construction in relation to the total investment outlays in the national economy amounted to:

19.1% in 1956

22.7% " 1957

23.8% " 1958

The plan for the year 1959 foresees 70,000 rooms, i.e. 28,000 apartments from own means of the population (of which 30,000 will be built by cooperatives, 40,000 by individuals, general use and factory housing). The credits allocated for this housing construction from own means of the population amount to 2,300 million zlotys. During the first half year 1959, 1,900 millions were approved and 1,356 millions were already put into effect.

b. The total outlays for housing construction grew during the years 1956-1958 by 42%. In 1956 they amounted to 9,062 billion zlotys. Taking 1956 for 100 we obtain in 1957, 122.8% and in 1958, 142.1%.

c. For various types of ownership of housing this increase is different as follows:

The outlays for state housing construction	
and state type cooperatives in 1956	6,558 billion zlotys are 100.0
1957	117.2
1958	121.2

As is seen, the increase of state housing construction is less than the increase of total housing construction

d. Instead cooperative housing construction (which during the years 1949-1955

almost disappeared completely as a result of the state housing policy at that time increased, and amounted: in 1956 to 140 million zlotys or 100%, in 1957 to 160.5 and in 1958 to 446.7%. It should be remembered however, that the starting point in 1956 was very low, therefore this type of construction is not yet large in absolute figures but it is still growing fast.

Detailed figures concerning the development of cooperative housing construction are given in Tables IX and X.

a. The greatest increase is in construction from own means of non-agricultural population with the aid of state credits which amounted to: 442 million zlotys, i.e. 100% in 1956, 221.7 in 1957, 584.6 in 1958.

Table IX

Development of cooperative construction

The number of housing cooperatives according to categories in 1957 and 1958

	1957	1958	1 July 1959
Total	492	844	981
a. General tenants cooperatives	92	243	
b. Workers "	-	108	
c. Housing-construction "	280	347	
d. Housing-administration cooperatives	27	24	
e. Cooperative associations for the construction of one family individual houses	93	122	

Remarks: In 1959 cooperatives exist in 281 towns, but 42% of them are in the voivodship towns where there are difficulties in allocation of building lots.

Table X
Housing construction realized by cooperatives during the years 1956-1958

	1956	1957	1958	1959 Plan
Total	3,356	5,456	7,366	30,000
Tenants housing cooperatives	-	231	2,214	
Housing-construction cooperatives	416	957	906	
Cooperative associations for one family houses	2,940	4,268	4,246	

At the end of 1958, rooms built by the cooperatives amounted to 37,900 in rough stage.

f. However housing construction from own means of the non-agricultural population without the aid of state credits has not increased. It amounted to 467 million zlotys or 100.1 in 1956, 122.8 in 1957, 99.0 in 1958.

g. The outlays for housing construction from own means of the agricultural population show some growth in accordance with the increase of the total outlays for housing construction namely: 1,655 million zlotys or 100.0 in 1956, 114.7 in 1957, 141.7 in 1958.

Table XI

Dwellings completed and handed over for use in 1957*

Total	116,753	dwellings
Socialized Economy	69,452	"
State of which	66,718 41,278	" by Building Management of Workers Settlements
Cooperative Economy of which	2,734 1,372	dwelling cooperative associations
Non-socialized economy	47,301	dwelling
Urban Areas	62,361	"
Social economy	54,686	"
non-social "	7,675	"
Rural Areas	54,392	"
Socialized economy	14,766	"
non-socialized economy	39,626	"

Source: Concise Statistical Yearbook 1959 page 81, Tables 7 and 8

*Dwellings built by ZOR average about 2.5 rooms. Other authorities built dwellings which have a higher average number of rooms- approx. 3.

As is seen from Table XI the following number of dwellings were completed in 1957 and handed over for use:

in urban areas	62,361
in rural areas	54,392

The rural areas were still neglected since nearly half of the population in Poland (exactly 47%) is agricultural.

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The figures published in the English edition of the Statistical Yearbook 1959

called Concise Statistical Yearbook 1959 differ a little from the studies of the

Housing Construction Institute which are more precise. The figures from these

studies in Table XII on page .14. show that in 1958

in urban areas	70,000	apartments, i.e. 193,100 rooms were built
in rural areas	58,600	" " 175,500 "
Total	128,600	" " 368,600 "

From these more accurate figures of the Housing Construction Institute, an

increase of the share of construction in rural areas is clear. The following figures

are given for comparison of housing built in 1957:

in urban areas	68,000	apartments, i.e. 191,100 rooms
" rural areas	54,400	" " 149,500 "
Total	122,400	" " 340,600 "

The comparison of 1957 with 1958 shows the tendency of increasing housing construction in rural areas.

h. The state helps the population in the form of credits for non-agricultural population from the Investment Bank. In the past years this bank gave the following

credits:	in 1956	154 million zlotys
"	1957	473 " "
"	1958	1,290 " "

and for the agricultural population the Agricultural Bank gave the following credits:

in 1956	48 million zlotys
1957	228 " "
1958	467 " "

Altogether these credits amounted:

in 1956 -	202 million zlotys
1957	701 " "
1958	1,757 " "

Besides that, the population often received financial and other help from the

factories through the Factory Fund in the form of loans of pecuniary assistance,

but no data is available on this subject.

Remark: The above figures are based on the article written by T. Zarski (Housing
Construction 1958) in Fundamenti, 23 August 1959, page 11.

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Table XII

Housing Construction in Poland in 1958

according to Bulletin of the Housing Construction Institute, Book 4-M, Warsaw,
May 1959, article by J. Dangel.

	Thousand rooms	
	1957	1958
Total	340.6*	368.6
A. State construction	201.9**	193.2
1. By Peoples Councils including Administration of Worker's Settlements Construction (DBOR)	119.0	95.8
2. By Ministries and working establishments for non-agricultural population	106.7	85.5
3. By ministries and working establishments for agricultural population	34.2	34.0
4. Gain by capital repairs	14.5	14.6
B. Cooperative construction	5.5	7.4
C. Individual construction	133.2***	168.0
1. With the aid of state credits	21.5	38.7
- general	16.2	29.9
- workers factory	5.3	8.8
2. Without the aid of state credits.	111.7	129.3
- non-agricultural population	22.2	19.9
- agricultural population	89.5	109.4
 - of which collective quartering construction in calculated rooms	 9.4	 5.4

Remarks:

* In the Small Statistical Yearbook 1958 on page 65 -346.2 rooms

** In the Small Statistical Yearbook 1958 " " " -203.3 "

*** In the Small Statistical Yearbook 1958 " " " -142.9 "

i. Further changes take place within the state construction industry itself. While in the past the major part of this construction was completed by the Administration of Workers Settlements (ZOR) and by its subordinate Administrations of Workers Settlements Construction (DBOR), at present there is a trend to reduce this share of DBOR; more is built by the various ministries and by the factories and establishments themselves for their own employees. The Figures in Table XIII below illustrate this trend. The construction by ministries and establishments increased from 12% in 1956 to 28% in 1958 and shows a further tendency to increase.

Table XIII

Decrease of number of rooms built by Administration of Workers Settlements Construction (DBOR)

DBOR built in 1958 total	94,859 rooms
of which for Peoples Councils	85,501 "
As contractor for ministries	7,901 "
" for state enterprises	897 "
" for cooperatives	560 "

The increase of construction by ministries and working establishments for the non-agricultural population in 1958 share in the total amount of public construction:

in 1956	18,900	rooms	i.e.	12%
1957	34,200	"	" "	17%
1958	54,000	"	" "	28%

j. Recently there is a new tendency to obtain new rooms by capital repairs and reconstruction of old apartment houses. Table XII shows that the following number of new rooms was obtained by repairs, division of old apartments, by building partition walls, etc: in 1957 - 14,500 and in 1958 - 14,600 rooms.

Summing up the new trends in housing construction the following tendencies can be underlined:

- a. The increase of the number of rooms built in absolute figures.
- b. The increase of the share of housing construction in investments of the national economy.
- c. The housing construction by the state increases relatively less than the total housing construction.
- d. Revival and development of cooperative housing construction.
- e. A strong increase of construction from own means of the population with the aid of state credits.
- f. Stabilization and even decreases of housing construction without credits by the non-agricultural population.
- g. Housing construction by own means of the agricultural population is increasing at the same rate as the total housing construction, i.e. at a medium pace.

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- h. The increase of credits given by the state.
- i. The increase of housing construction from state allocated funds by the ministries and establishments and factories, at the same time decrease of construction by ZOR.
- j. A tendency for obtaining new rooms by repairs, reconstructions and adaptation of old apartment houses.

The difficulties encountered by the new housing construction policy and its chances for success are described in detail in No. 6 of this series of reports.

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